

AQ HERACLIUS HOLDINGS LIMITED

ANNUAL REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS

Registered number 12590036

31 DECEMBER 2021

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AQ HERACLIUS HOLDINGS LIMITED
CONTENTS

PAGES

STRATEGIC REPORT	1 - 7
DIRECTORS' REPORT	8 - 9
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS	10
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQ HERACLIUS HOLDINGS LTD	11 - 15
CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME	16
CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021	17
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021	18
CONSOLIDATED CASH FLOW STATEMENT 2021	19
NOTES TO THE 2021 CONSOLIDATED FINANCIAL STATEMENTS	20 - 42
<u>SEPARATE FINANCIAL STATEMENTS</u>	
BALANCE SHEET AS AT 31 DECEMBER 2021	43
PROFIT AND LOSS ACCOUNT 2021	44
STATEMENT OF CHANGES IN EQUITY 2021	45
NOTES TO THE 2021 SEPARATE FINANCIAL STATEMENTS	46 - 48

The directors present the Strategic Report of AQ Heraclius Holdings Limited (the "Company") and its Dutch controlled entities trading as Quintes Verzekeren en Risicobeheer (jointly referred to as "Quintes" and together with the Company, "the Group") for the year ended 31 December 2021.

Business review

The Company was incorporated on 6 May 2020. During 2020, it acquired Heraclius Topco B.V. ("Topco"), a holding company owning a number of Dutch insurance distribution entities trading as Quintes Verzekeren en Risicobeheer.

The Company's activities are limited to directly holding shares in Topco and indirectly holding shares in the subsidiaries of Topco, and providing stewardship and other services as shareholder, in particular ensuring adequate financing. The trading subsidiaries of Topco operate as insurance brokers between insurance risk carriers and customers as well as being delegated authority holders (in certain cases) for those insurance companies. Apart from the Company's stewardship activities, Quintes is exclusively active in the Dutch market and focusses on SMEs and their personnel and directors as customers.

Financial

Turnover for the period was €57.6m (2020: €13.8m). The loss before taxation was €30.6m (2020: €15.8m). The growth of the business is caused by the acquisition of Quintes Holding and is expected to be driven by the continued success of the buy and build strategy. The negative net result is mostly driven by the large amortisation expense on acquired portfolios and goodwill of € 25.5m (2020: € 9.0m) which were expected by management as a result of the buy and build strategy and an impairment loss of € 0.9m (2020: € 1.4m).

The Company acquired additional shares in Heraclius Topco B.V. at different time period during the financial year 2021. The Company subscribed for shares maintaining a controlling interest in Topco for €31.3m, of which €4.8m related to ordinary shares and the remaining €26.5m to preference shares. The share subscription was financed by a capital increase provided by the Company's sole shareholder, AQ Heraclius Aggregator LP ("Aggregator"). The share capital increase for 2021 was amounting to €15,9m which result from shares to be issued in the future.

Strategy

The aim of the Group is to be a leading provider of insurance broking services to its targeted end market. It follows a buy and build strategy to achieve the scale and national coverage necessary to differentiate itself in the market vis a vis its customers, as well as national and international risk carriers.

Quintes is organised in regional hubs that each service a radius of approximately 20km and have far-reaching commercial independence. The delegated authority and staff functions are to a large extent centralised. At the balance sheet date, the Quintes Holding group employed 620 FTE and 663 headcount (2020: 288 FTE and 374 headcount).

In addition to delivering organic revenue and margin growth in the existing business, the Group will continue to target acquisitions that complement and enhance the existing client offer and increase geographic coverage within the Netherlands.

Principal risks and uncertainties

Both insurance broking activity and the Group's strategy are subject to a number of risks. The principal risks facing the business are set out below and the Directors are of the opinion that a risk management process is followed that, where possible, identifies, monitors and mitigates these risks.

Covid-19

The Covid-19 pandemic adversely affected clients in certain sectors, notably hospitality and retail, resulting in somewhat reduced revenues to the Group. Although the largely non-discretionary nature of commercial insurance limits the impact of client financial performance on Quintes, Covid-19 has had an overall negative impact.

In line with management's strong commitment to staff welfare, where possible arrangements have been made for home working, protective measures put in place for staff who must be office-based, and strict monitoring to identify potential cases. Staff required to self-isolate have been paid full salary for the period of self-isolation. These measures have increased operating costs, as homeworking requires additional investment in computer equipment and specialist software; without a corresponding reduction in premises cost.

Financing

The Group entered into long-term debt financing arrangements in October 2020 to (i) optimise its capital structure and (ii) support its buy and build strategy. The financing documentation includes customary covenants for a financing of this type. In extreme cases breaching these covenants could make the debt immediately callable and place significant cash flow burden on the Group. The finance department is actively engaged in treasury management and the meeting of financial goals.

The Group's debt financing arrangements include references to variable interest rates, meaning that if market interest rates rise, the interest burden on the Group would also increase. The Group has elected not to hedge this risk as it deems the cost of doing so too high compared to the risk exposure contained in the variability.

Underwriting

The Group's operating entities are active as delegated authority holders for several insurance risk carriers. As a result, loss ratio results are important to the continued availability of these delegated authorities. Quintes employs an experienced team of underwriters that employ strict processes to minimise the chance of poor risks entering the underwriting portfolio.

M&A & Integration

The Group's buy and build strategy necessitates the integration of acquired portfolios and companies for both the realisation of synergy benefits and the continuity of operations. Underestimation of integration cost or unsuccessful integrations of IT systems, staff, office locations and various other dimensions of daily operations are risks with each new acquisition.

The Group employs a dedicated integration team that steers integration projects. This team, given its extensive experience across historical acquisitions, helps to minimise integration risk.

Technology and data security

The Group is dependent on the proper functioning of its IT for daily operations, as virtually all core business processes in the Group rely on IT tooling for execution. Given the importance of IT to the Group's daily operations, little risk is taken vis a vis downtime. Since the accounts date, the Group implemented a disaster recovery site at an external data centre and the Group employs software from only reputable vendors. Only minor applications are self-developed. The IT operations team is highly focussed on IT availability and the resilience of IT is one of the key decision factors when planning maintenance and expansion.

The Group handles confidential customer and business data on behalf of its clients. To reduce this risk to its lowest possible level, the Group has in place strict IT policies and robust IT controls. However, such controls cannot fully mitigate cyber security threats and the group remains subject to the risk of a breach which would cause reputational damage and potentially material penalties.

Competitive landscape

The Company is effectively a price taker vis a vis the commissions it receives on policies placed with specific risk carriers. This risk is however balanced by the competition between risk carriers. The Company manages this risk by maintaining relationships with a wide array of risk carriers, limiting its exposure to a change in commission offered by any single risk carrier.

Although a large number of insurance brokers are active in the Netherlands, Quintes aims to differentiate itself from competitors via personal service and advice. As a result, the long-standing relations between the Group's employees and its customers are of importance to the commercial success of the Group.

Foreign exchange movements

Substantially all of the revenues and costs (including debt financing costs) of the Quintes Dutch entities are denominated in euros. Although the Company has some sterling denominated operating costs, the Directors do not consider foreign exchange risk associated with these to be material in the context of the Group's overall financial position.

Compliance

The Company's Dutch subsidiaries undertake various activities that are regulated by the Dutch Authority on Financial Markets ("AFM"). As a financial service provider, the Quintes Holding group is subject to a substantial body of laws and regulations regarding its activities". The Group has a dedicated compliance officer to identify any possible gaps and suggest remedies. In addition, the Group implements standards that go beyond that which is required by laws and regulations in various areas it deems as essential for good business conduct.

Section 172 Statement

In accordance with the Companies Act 2006 (the "Act"), the directors provide this statement describing how they have had regard to the matters set out in Section 172 of the Act, when performing their duty to promote the success of the company.

The Company is the ultimate holding company within the Group and while the directors implement Group strategies at the company level, key decisions which affect the trading of subsidiaries within the Group, and consequently the success of the Company and its stakeholders, are principally made by the Boards of Heraclius Topco B.V. (in relation to strategic and financing matters) and Quintes Holdings B.V. (in relation to commercial, operational, and compliance matters).

This statement also provides details of how the directors have engaged with and have regard to the interest of the Group's, and therefore indirectly the Company's, key stakeholders:

1. Clients/Customers
2. Colleagues (Employees)
3. Regulators & Government
4. Suppliers
5. Shareholders
6. Group debt providers
7. Society

Group stakeholders

Why we engage	Our approach to engagement
<p>Clients / customers</p> <p>Continuous review of client requirements and preferences allows the Group to focus on key product groups, respond appropriately and ultimately improve growth.</p>	<p>Our culture is to achieve and surpass client objectives, acting with integrity and respect in all manners of our service, and utilising our specialised knowledge base to provide valuable advice and suggest only the most suitable insurance products to our customers' circumstances.</p> <p>A combination of data, technology and analytics allows the Group to provide clients with smarter services and products in a delivery format best suited to them. The Group has developed software to improve quotations for absenteeism insurance, ultimately passing value to clients, as well as building a tool to more efficiently quote business-to-business insurance policies whose risks are less standard than consumers.</p> <p>Subsidiaries within the Group deploy dedicated contact teams to assist servicing client needs. Marketing materials seek to provide regular and pertinent insight into current offerings. The Group also engages with customers through satisfaction surveys, rewards and the commercial website.</p>
<p>Employees</p> <p>Empowering our workforce facilitates effective contributions to the collective goals of the Group, as well as encouraging the creation of skills and knowledge sharing networks to strengthen the Group.</p>	<p>Directors of companies within the Group engage with employees through internal media platform / intranet and other internal communications.</p>

Employees	
<p>Supporting our workforce and ensuring all current or potential employees are treated with fairly and equally builds trust and instils pride within the workforce.</p>	<p>The Group has introduced and successfully implemented an agile working strategy, allowing employees to feel more comfortable and enabled.</p> <p>The Group seeks to provide all necessary resources to employees to enable them to be successful, including specific training at regular intervals and access to equipment and technology that enables timely and effective communication.</p> <p>Efforts to find new staff throughout the Group have been boosted through additional investments in the LinkedIn-portal, a focus on partnerships with a few recruitment agencies and an increased focus on hiring via referrals to ensure that new joiners are aligned with the productive and friendly working culture within the Group.</p> <p>The average absenteeism number for the Group was 7,5% (2020: 3,49%) in 2021. Together with Management and professional partners, the HR team is working case-by-case and subsidiary-bysubsidiary to reduce this number as well as to increase the vitality of the workforce. COVID-19 has led to an increase of the absenteeism number and it has been a challenging task for management to keep in contact with their staff and understand if there are any physical or mental health issues to be dealt with.</p>
Suppliers	
<p>Establishing long-term, strong and fair relationships with suppliers and insurance risk carriers is important to the longevity of the Group and benefits all stakeholders.</p>	<p>In order to maintain trust with insurance risk carriers, for which the Group acts with delegated authority, the Group aims to maintain honest engagement with those carriers and other suppliers to enhance understanding of the requirements and constraints of the Group.</p>

Regulators and Government	
<p>As insurance intermediaries, companies within the Group are subject to financial services regulations in the Netherlands. The Group works with regulators to ensure all aspects of the businesses comply with legislation in the Netherlands to uphold responsibilities to stakeholders.</p>	<p>Subsidiaries within the Group as insurance intermediaries are regulated by AFM and De Nederlandsche Bank and the Group aims to have an open and transparent approach in all communications with regulatory bodies.</p> <p>Regulatory communications are managed by the legal and compliance teams of each relevant subsidiary, with significant regulatory matters being escalated to the subsidiary board and holding company level, as appropriate.</p>
Shareholders	
<p>Providing accurate information to shareholders is crucial to support and aligning on long-term objectives.</p>	<p>The majority institutional investor is represented by directors on the board of the Company and therefore participate directly in strategic decision-making and the direction of the Group. Information is shared with minority shareholders through our consolidated annual report.</p>
Group debt providers	
<p>The Group has a responsibility to engage with debt providers under the facilities agreements and appreciates the importance of providing timely and detailed information on a regular basis as part of the covenants.</p>	<p>Updates are provided to debt providers at regular intervals to maintain a healthy working relationship. Updates are provided by Group CFO on behalf of Topco.</p>

Society	
It is our belief that the Group should act responsibly in society and be aware of key social concerns	<p>Develop policies and practices to promote sustainability and environmental considerations in the Group's day to day operations, which are reviewed and updated regularly.</p> <p>Consider the expectations of society and clients when designing products to cater to a wide cross-section of society.</p> <p>Regular training of employees to stay abreast of regulatory obligations.</p>

By order of the board



Charles Janeway
Director

22-Dec-2022

1. Principal activities

AQ Heraclius Holdings Limited (the "Company") is a private company incorporated on 6th May 2020, domiciled and registered in the UK. The registered number is 12590036 and the registered address is Rex House 4th Floor, 4-12, Regent Street, London.

The activities of AQ Heraclius Holdings Limited and its group companies mainly consist of the providing advice and acting as an intermediary in insurance, pensions and mortgages.

2. Research and development information

The Group's research and development activities revolve around the continued effort of the Group to make its operations more efficient and offer value to its customers. To that end the Group has two development projects:

- The first development project relates to the creation of software to run a quotation system for absenteeism insurance. This will aid the Group's advisers to advise current and prospective clients more efficiently with regards to their absenteeism insurance. Furthermore, it will aid in the cross selling of absenteeism insurance with absenteeism management services, offered by the Group.

- The second project concerns a tool to more efficiently quote insurance policies relevant to business customers, whose risks are often less standard than those of consumers. By coupling the risk assessment with products from risk carriers for which the Group has delegated authority, the customer can be offered better products and the Group will be able to sell more delegated authority policies, on which it earns a higher margin.

3. Dividends

There were no proposed or paid dividends during the financial year 2021 or after the balance sheet date 31st December 2021. (2020: €68.0m)

4. Directors

Directors of the Company were as follows:

Ignace Van Waesberghe	Appointed on 6 May 2020	
Daniel Pascal Flueckiger	Appointed on 15 July 2020	
Charles Hall Janeway	Appointed on 15 July 2020	
Robert Power Gullet	Appointed on 12 October 2020	Retired on 30 April 2021
Lord Ian Lang	Appointed on 1 May 2021	

None of the directors benefited from qualifying third party indemnity provisions in place or qualifying pension scheme indemnity provisions as at 31st December 2021.

5. Company secretary

Citco Management (UK) Ltd were appointed as Company Secretary on 29 April 2021.

6. Employees

The Company itself does not employ any staff. All staff is employed by (subsidiaries of) Quintes Holding B.V. On December 31st the number of staff employed by the Group was 663 (2020: 374), equivalent to 620 (2020: 289) FTE (full time equivalents).

Efforts to find new staff (both for our subsidiaries as well as for the Head Office) have had a boost from additional investments in the LinkedIn-portal, a focus on the partnerships with a few recruitment agencies, and an increased focus on hiring via referrals. A new recruitment website has been launched in Q2 2021.

6. Employees (continued)

The average absenteeism number for the Group was 7.5% (2020: 3.49%). On December 31, 2021, together with Management and professional partners, the HR team is working case-by-case and subsidiary-by-subsidiary to reduce this number further as well as to increase the vitality of the workforce. Although COVID-19 has not led to an increase of the absenteeism number, it has been a challenging task for management to keep in contact with their staff and understand if there are any physical or mental health issues to be dealt with.

In January 2021 Quintes went "live" with its new UNIT4 Payroll & Administration system, thus providing one platform and standardised processes for staff and management. Since January 2022, all staff, including those from all (recently) acquired companies, are on this system.

7. Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

8. Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

9. Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Charles Janeway
Director

22-Dec-2022

The directors are responsible for preparing the Annual Report, Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Opinion

We have audited the financial statements of AQ Heraclius Holdings Limited ("the Company") for the year ended 31 December 2021 which comprise the the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Balance Sheet, Profit and Loss Account and Other Comprehensive Income, Statement of Changes in Equity and related notes, including the accounting policies in notes 1 and 25.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud that apply to this group company, including the Group’s channel for “whistleblowing”, as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to component audit team of relevant fraud risks identified at the Group level and request to component audit team to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are clearly defined, non-judgmental revenue recognition points for all material revenue streams.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test for all scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words, intercompany transaction entries, and those posted to unusual account combinations regarding cash.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to component audit teams of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: data protection laws, financial crime regulations (including those relating to anti-bribery and money laundering), and regulatory conduct regulations, recognising the financial and regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Shaun Gealy (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff, CF10 4AX

22 December 2022

AQ HERACLIUS HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

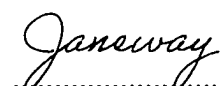
16.


			8 months to 31 December 2020
		2021	
	Note	EUR	EUR
Turnover	3	57,645,028	13,801,641
Other operating income		<u>2,260,694</u>	703,820
Total operating income		<u>59,905,722</u>	<u>14,505,461</u>
External charges for services		1,510,267	1,848,274
Personnel expenses	4	34,404,008	11,362,165
Amortisation and depreciation on tangible and intangible fixed assets	9,10	26,592,623	9,287,939
Impairment charges	9	918,885	1,423,384
Other operating expenses	5	18,073,220	3,498,536
Total operating expenses		<u>(81,499,003)</u>	<u>(27,420,298)</u>
Interest income, expenses and similar charges	6	<u>(9,037,417)</u>	<u>(2,915,351)</u>
		<u>(9,037,417)</u>	<u>(2,915,351)</u>
Loss before taxation		<u>(30,630,698)</u>	<u>(15,830,188)</u>
Taxation	7	<u>1,461,959</u>	708,878
Loss for the financial year/ period		<u><u>(29,168,739)</u></u>	<u><u>(15,121,310)</u></u>
Loss attributable to:			
Shareholders of the Parent Company		(25,248,367)	(13,542,587)
Non-controlling interest		<u>(3,920,372)</u>	<u>(1,578,723)</u>
Loss for the year/ period		<u><u>(29,168,739)</u></u>	<u><u>(15,121,310)</u></u>
Other comprehensive income			
Other comprehensive income for the year/ period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year/ period		<u><u>(29,168,739)</u></u>	<u><u>(15,121,310)</u></u>
Total comprehensive income attributable to:			
Shareholders of the Parent Company		(25,248,367)	(13,542,587)
Non-controlling interest		<u>(3,920,372)</u>	<u>(1,578,723)</u>
Total comprehensive income for the year/ period		<u><u>(29,168,739)</u></u>	<u><u>(15,121,310)</u></u>

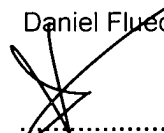
The notes on pages 20 to 42 form an integral part of these consolidated financial statements

	Note	2021 EUR	2020 EUR
<u>Fixed assets</u>			
Goodwill	9	107,424,849	94,192,052
Other intangible fixed assets	9	114,964,097	66,512,273
Tangible fixed assets	10	5,224,464	1,817,269
Financial fixed assets		5,445	5,445
		<u>227,618,855</u>	<u>162,527,039</u>
<u>Current assets</u>			
Trade receivables	11	2,386,882	1,346,722
Other receivables	12	12,642,789	7,793,009
Cash and cash equivalents	13	18,391,500	12,143,616
		<u>33,421,171</u>	<u>21,283,347</u>
Total assets		<u>261,040,026</u>	<u>183,810,386</u>
<u>Capital and reserves</u>			
Ordinary share capital	14	1,433,041	1,433,039
Capital contribution without issuance of shares		15,953,136	-
Profit and loss account		51,093,183	60,377,332
Equity attributable to shareholders of the Parent Company		<u>68,479,360</u>	<u>61,810,371</u>
<u>Non-controlling interest</u>			
		9,427,865	10,887,741
		<u>77,907,225</u>	<u>72,698,112</u>
<u>Non-current liabilities</u>			
Provisions	15	14,311,687	7,082,451
Annuity	16	131,650	101,239
Finance loan and subordinated debts	17	125,462,298	80,186,921
		<u>139,905,635</u>	<u>87,370,611</u>
<u>Current liabilities</u>			
	18	43,227,166	23,741,663
Total liabilities		<u>183,132,801</u>	<u>111,112,274</u>
Total equity and liabilities		<u>261,040,026</u>	<u>183,810,386</u>

Approved by the directors of the Company on 22 December 2022 and signed on its behalf by:


..... Director
Charles Janeway


..... Director
Daniel Flueckiger


..... Director

AQ HERACLIUS HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

Attributable to shareholders of AQ Heraclius Holdings Limited

	Share capital EUR	Share premium EUR	Capital contribution without issuance of shares EUR	Retained Earnings EUR	Total shareholder's equity EUR	Non- controlling interest
Balance at 06 May 2020	-	-	-	-	-	-
Issue of shares	1,433,039	141,870,831	-	-	143,303,870	-
Arising on acquisitions	-	-	-	-	-	-
Cancellation of share premium	-	(141,870,831)	-	141,870,831	-	-
Dividend	-	-	-	(67,950,912)	(67,950,912)	-
Subsidiary issued shares to NCI	-	-	-	-	-	-
Result for the period	-	-	-	(13,542,587)	(13,542,587)	-
Balance as at 31 December 2020	<u>1,433,039</u>	<u>-</u>	<u>-</u>	<u>60,377,332</u>	<u>61,810,371</u>	<u>-</u>
Issue of shares	2	15,964,218	-	-	15,964,220	-
Shares to be issued	-	-	15,953,136	-	15,953,136	-
Subsidiary issued shares to NCI	-	-	-	-	-	-
Result for the year	-	-	-	(25,248,367)	(25,248,367)	-
Balance as at 31 December 2021	<u><u>1,433,041</u></u>	<u><u>15,964,218</u></u>	<u><u>15,953,136</u></u>	<u><u>35,128,965</u></u>	<u><u>68,479,360</u></u>	<u><u>-</u></u>

The notes on pages 20 to 42 form an integral part of these consolidated financial statements

AQ HERACLIUS HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

19.

	Note	2021 EUR	2020 EUR
Loss after income tax		(29,168,739)	(15,121,310)
<i>Adjustments for:</i>			
Amortisation and depreciation charges		27,511,508	10,711,323
Changes in provision and annuity		7,259,647	7,183,690
Changes in working capital		17,576,364	11,959,625
Taxation		(1,566,644)	-
		21,612,136	14,733,328
Interest expense		9,037,417	(1,443,898)
Cash flows from operating activities		30,649,553	13,289,430
Cash flows from investing activities			
Acquisition of intangible fixed assets		(88,889,343)	(171,061,747)
Capitalised development costs		-	(73,128)
Investment in tangible fixed assets		(4,545,483)	(2,140,008)
Disposal of tangible fixed assets		287,101	41,967
Investment in financial fixed assets		-	(5,445)
Investment in Repurchase of Preference Shares		544,401	-
Net cash used in investing activities		(92,603,324)	(173,238,361)
Cash flows from financing activities			
Repayment of borrowings		(4,265,292)	(21,970)
Proceeds from new debt		45,925,184	84,295,095
Finance cost		(7,836,089)	-
NCI arising on acquisition		-	6,072,370
Subsidiary issued shares to NCI		2,460,496	6,394,094
Proceeds from the issue of share capital		31,917,356	143,303,870
Dividend distribution		-	(67,950,912)
Net cash from financing activities		68,201,655	172,092,547
Net increase in cash and cash equivalents in the year/ period		6,247,884	12,143,616
Cash and cash equivalents as at start of reporting year/ period		12,143,616	-
Effect of exchange rate fluctuations		-	-
Cash and cash equivalents at end of financial year/ period	13	18,391,500	12,143,616

The notes on pages 20 to 42 form an integral part of these consolidated financial statements.

General

AQ Heraclius Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 12590036 and the registered address is Rex House 4th Floor, 4-12, Regent Street, London.

Activities

The activities of AQ Heraclius Holdings Limited and its group companies mainly consist of the management of subsidiaries engaged in advice and mediation in insurance, pensions and mortgages.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is Euros. All amounts in the financial statements have been rounded to the nearest Euro. The functional currency of AQ Heraclius Holdings Limited is GBP and the functional currency of the Group is Euros.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements and estimates made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Going concern

For the year ended 31 Dec 2021, the Group achieved total sales of €57.6m (2020: €13.8m) with a net result of (€29.2)m (2020: €(15.1)m). The growth of the business is caused by the acquisition of Quintes Holding and is expected to be driven by the continued success of the buy and build strategy. The negative net result is mostly driven by the large amortisation expense on acquired portfolios and goodwill of €25.5m (2020: €9.0m) which were expected by management as a result of the acquisition of Quintes Holding, the buy and build strategy, and an impairment loss of €0.9m (2020: €1.4m).

The Group has equity of €77.3m (2020: €72.7m), and cash flow for the year was €6.2m (2020: €18.4m). In addition the Group has committed financing facility in place that runs until October 2027, which provides funds for further acquisitions and, if required, working capital for the Group.

The Group's financial results were largely unaffected by the COVID-19 pandemic. The trading operation is based in the Netherlands and while various infection waves and the ensuing lockdowns did force the Group to review and re-establish work practices, absenteeism was kept in check and productivity was not impacted in a meaningful way. Future results will depend on the success of the buy and build strategy to a large degree, and as we observed in 2020, the effectiveness of our sales force depends on being able to visit the customer. Therefore, organic revenue growth would be negatively impacted by any future drawn out lockdowns in response to COVID-19.

When taking the expenditure on acquisition purchase prices as well as related advisor fees out of consideration, the Group expects net cash flows to remain positive. Additionally, the Group has not entered into any acquisition commitments for which no financing has been arranged. Consequently, the Company and Group are able to meet their short term commitments as they fall due. For the financial year 2021, the interest rate was based on a floating rate of Euribor + 6.50% margin. The business had fixed the interest rate at 0.85% for Q2 2022, but is exposed to future interest rate rises. The business had headroom of 0.86x on its financing covenants as at September 2022 and forecast to continue having sufficient headroom based on expected cashflows.

The Directors anticipate the Group and Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of the approval of these financial statements. These financial statements have therefore been prepared on a going concern basis. The Directors consider that it is appropriate to prepare the accounts on this basis having reviewed cash flow projections for the Group and Company which take into account its present plans, expectations and intentions. In forming their view the Directors have also considered possible adverse developments that could impact the Group and the Group's resilience to such events.

List of subsidiary companies

AQ Heraclius Holdings Limited in the United Kingdom is the head of a group of legal entities. The below list of subsidiaries has also been included in the consolidated financial statements of Heraclius Topco B.V. as at 31st December 2021.

Name	Statutory seat	% shares held	Included in statements
Heraclius Topco B.V.	Waardenburg	88%	8-May-20
Heraclius Midco B.V.	Waardenburg	100%	8-May-20
Heraclius Newco B.V.	Waardenburg	100%	8-May-20
Quintes Holding B.V.	Waardenburg	100%	17-Jul-20
Kroezen Tussenholding B.V.	Culemborg	100%	< 01 Jan 2019
De Deugd & Terpstra Beheer B.V.	Geldermalsen	100%	< 01 Jan 2019
Kroezen Scherpenzeel Verzekeringen B.V.	Scherpenzeel	100%	< 01 Jan 2019
Quintes Groep B.V.	Uden	100%	< 01 Jan 2019
Quintes Noord Brabant B.V.	Uden	100%	< 01 Jan 2019
Quintes Assuradeuren B.V.	Uden	100%	< 01 Jan 2019
KoKo Beheer B.V.	Nijmegen	100%	< 01 Jan 2019
Timmermans Koch en Brink B.V.	Nijmegen	100%	< 01 Jan 2019
Quintes Verzekeren & Risicomanagement B.V.	Culemborg	100%	< 01 Jan 2019
Quintes Eindhoven B.V.	Eindhoven	100%	< 01 Jan 2019
Quintes Limburg B.V.	Culemborg	100%	< 01 Jan 2019
Quintes Groningen B.V.	Groningen	100%	< 01 Jan 2019
Rofafa B.V.	Wervershoof	100%	< 01 Jan 2019
Comas Holding B.V.	Zwaagdijk	100%	< 01 Jan 2019
Quintes West-friesland B.V.	Medemblik	100%	< 01 Jan 2019
Westfriesland Financiële Advies Groep B.V.	Opperdoes	100%	< 01 Nov 2019
Quintes Noord-Holland B.V.	Aalsmeer	100%	< 01 Jan 2019
Quintes Verzuimmanagement B.V.	Waardenburg	100%	< 01 Jan 2019
Story Beheer B.V.	Asperen	100%	< 01 Jan 2019
Story Groep B.V.	Asperen	100%	< 01 Jan 2019
Story Assurantiën B.V.	Rhenoy	100%	< 01 Jan 2019
Finagri B.V.	Houten	100%	< 01 Jan 2019
Insureq Assuradeuren B.V.	Leerdam	100%	< 01 Jan 2019
Insureq B.V.	Leerdam	100%	< 01 Jan 2019
Story Makelaardij onroerend goed B.V.	Leerdam	100%	< 01 Jan 2019
Quintes EBdiensten B.V.	Waardenburg	100%	< 01 Jan 2019
Quintes Gelderland B.V.	Gendt	100%	1-Feb-20
Guijt Assuradeuren B.V.	Gendt	100%	1-Feb-20
Marco Guijt Makelaardij B.V.	Gendt	100%	1-Feb-20
Rozenburg Assuradeuren B.V.	Ede	100%	1-Jul-20
Quintes Overijssel B.V.	Culemborg	100%	< 01 Jan 2019
BIDM B.V.	Best	100%	1-Jan-20
Lukkien & Schultinga B.V.	Zuidhorn	100%	1-May-20
Intervencio B.V.	Zuidhorn	100%	1-May-20

List of subsidiary companies (Continued)

Name	Statutory seat	% shares held	Included in statements
Quintes Friesland B.V.	Heerenveen	100%	1-Oct-20
Tinke Assurantien B.V.	Barendrecht	100%	1-Jan-21
Zekerhuis Assuradeuren B.V.	Barendrecht	100%	1-Jan-21
Beheersmaatschappij Marsa Weert B.V.	Weert	100%	1-Jan-21
Assurantiekantoor Schulpden B.V.	Weert	100%	1-Jan-21
Evers Assurantien B.V.	Stad Delden	100%	1-Jun-21
De Keyzer Assurantiën B.V.	Breda	100%	1-Jun-21
Trinitum B.V.	Breda	100%	1-Jun-21
Dominass Assurantiën B.V.	Waardenburg	100%	1-Jun-21
HK Assuradeuren B.V.	Ochten	100%	1-Jun-21
Prima voor elkaar B.V.	Ochten	100%	1-Jun-21
PanterGroep B.V.	Drachten	100%	1-Aug-21
Intermezzo Medische Keuringen en Preventie B.V.	Amsterdam	100%	1-Aug-21
R.L.A. der Kinderen Holding B.V.	Hulsberg	100%	1-Aug-21
Der Kinderen Assuradeuren B.V.	Hulsberg	100%	1-Aug-21
Der Kinderen Consultancy B.V.	Hulsberg	100%	1-Aug-21
Der Kinderen Verzekeringen B.V.	Hulsberg	100%	1-Aug-21
Verzuimvizie B.V.	Maastricht	100%	1-Aug-21
Westeinder Assuradeuren B.V.	Aalsmeer	100%	31-Dec-21
Westeinder Adviesgroep VOF	Aalsmeer	100%	31-Dec-21
Quintes Holding B.V.	Waardenburg	100%	17-Jul-20
Kroezen Tussenholding B.V.	Culemborg	100%	< 01 Jan 2019

Name	Statutory seat	% shares held	Included in statements
Entities with common control:			
Stichting Administratiekantoor Heraclius MIP	Waardenburg	Common control	17-Jul-20
Stichting Heraclius Strip	Waardenburg	Common control	17-Jul-20

1. Accounting policies

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified at fair value through the profit or loss, biological assets, investment property, tangible fixed assets and intangible assets measured at historical cost less accumulated depreciation.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings for the period 01 January 2021 to 31st December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A special purpose entity (SPE) is consolidated if the Group concludes that it controls the SPE. In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

1. Accounting policies (Continued)

1.3 Revenue

The Group calculates the proceeds of fees and commissions as turnover when there is convincing evidence of an agreement and that the economic benefits associated with the transaction will accrue to the Group. These criteria are met when an insurance policy has been signed by the customer and the risk carrier has accepted the risk. In the case of income relating to the provision of advice services, these criteria have been met when there is a signed advisory proposal and the advice has been rendered.

Revenue from sales, arising on financial services, administration fees, subscription fees, and other revenue, is recognised when all significant rights to economic benefits as well as all significant risks have passed to the buyer. The cost price of these services is allocated to the same period. Revenues from on-going services rendered are recognised in the profit and loss account in proportion to the stage of completion of the transaction as at the reporting date. The stage of completion is assessed by reference to assessments of the work performed / the services performed up to that moment as a percentage of the total services to be performed / the costs incurred up to that moment in proportion to the total estimated costs of the services to be performed. i.e. where work in progress is recognised for on-going services not yet billed

Certain arrangements, principally those under delegated authority, give rise to commission relating to both the initial sale of the insurance policy and also on-going services, for these arrangements a provision for unearned commission is made for costs to be incurred to service policies that have already been sold but for which additional work has to be done.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

1. Accounting policies (continued)

1.4 Foreign currency (continued)

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.5 Classification of financial instruments issued by the Group and the Company

In accordance with FRS 102.22, financial instruments issued by the Group and the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the entity to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the entity; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

1. Accounting policies (continued)

1.6 *Basic financial instruments (continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 *Other financial instruments*

Financial instruments not considered to be basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

1.8 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease.

At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The entity assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings - 5 years
- Cars and transport equipment - 5 years
- Second – hand cars – 3 years
- Fixtures and fittings - 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which it is expected an asset's future economic benefits will be consumed.

1. Accounting policies (continued)

1.9 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.10 Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

The capitalised goodwill is amortised on a straight line basis over its estimated useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1. Accounting policies (continued)

1.10 *Intangible assets, goodwill and negative goodwill (continued)*

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- capitalised development costs – 3 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 of FRS 102 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.11 *Impairment excluding stocks, investment properties and deferred tax assets*

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

1. Accounting policies (continued)

1.11 Impairment excluding stocks, investment properties and deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by the *directors/a qualified actuary using the projected unit credit method*. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

1.13 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1. Accounting policies (continued)

1.13 Provisions (continued)

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.14 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation, in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

1. Accounting policies (continued)

1.15 Taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the entity's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

The most important estimates included in these financial statements are those concerning the identification and valuation of goodwill and intangible fixed assets resulting from purchase price accounting. Additionally, the calculation of impairment charges is subject to estimates with regards to future performance of insurance portfolios.

3. Turnover

	31 December 2021 EUR	8 months to 31 December 2020 EUR
The breakdown of the operating income by revenue categories is as follows:		
Commission	40,578,349	10,313,258
Delegated authority	9,527,958	1,692,899
Financial services	3,417,474	348,989
Administration fees	1,286,523	707,038
Subscription fees	176,145	150,706
Other revenues	2,658,579	588,751
Turnover	57,645,028	13,801,641

4. Personnel expenses

	31 December 2021 EUR	8 months to 31 December 2020 EUR
Wages and salaries	25,331,533	8,081,008
Social security and wage taxes	3,721,452	1,255,170
Pension expenses	1,774,913	511,255
Other personnel expenses	3,576,110	1,514,732
Total personnel expenses	34,404,008	11,362,165

The other personnel expenses contains mainly extra recruitment and external hiring cost due to the expected acquisitions in year 2021.

Staffing level

As at 31 December 2021, the number of staff employed by the subsidiaries amounted to 663 headcount (2020: 374), or 620 (2020: 289) FTE. None of them were employed outside the Netherlands.

5. Other operating expenses

	31 December 2021	8 months to 31 December 2020
	EUR	EUR
Administrative expenses	4,578,955	765,893
General expenses	4,181,727	1,529,025
Strategic advisory expenses	849,062	596,318
Housing expenses	5,499,857	607,300
Car and transportation expenses	1,476,698	-
Sales expenses	1,486,921	-
	18,073,220	3,498,536

6. Interest income, expenses and similar charges

	31 December 2021	8 months to 31 December 2020
	EUR	EUR
Interest income	895	53,178
Amortised financing costs	(645,624)	(1,472,359)
Interest on loans	(8,123,014)	(1,283,460)
Other	(269,674)	(212,710)
	(9,037,417)	(2,915,351)

7. Taxation

	31 December 2021	8 months to 31 December 2020
	EUR	EUR
The major components of the tax charge are as follows:		
Tax expense for current financial year	(97,586)	(263,649)
Adjustment for prior periods	(131,760)	-
Movement in temporary differences	(1,232,613)	972,527
	(1,461,959)	708,878

Future taxable profits can be compensated with deductible tax losses from prior year(s) for an amount of € 9,024,283 (2020: € 5,465,931). Deferred tax assets in connection with prior year(s) deductible tax losses have been capitalised for an amount of € 6,599,166 (2020: € 4,295,087). Further deductible temporary differences for the amount of €11.552.873 (2020: € 6.557.677) are not capitalized. Deferred tax assets are not recognized in the balance sheet.

The applicable weighted average tax rate is 25%, whereby the weighted average tax rate has been calculated based on the results before taxes in the various tax jurisdictions. The tax expense recognised in the profit and loss account for 2021 amounts to € 1,461,959 (2020: € 708,878), or 5,25% (2020: 4,56%) of the result before tax.

The numerical reconciliation between the applicable and the effective tax rate is as follows:

7. Taxation (Continued)

	2021	2020
	EUR	EUR
Result before tax	(30,630,698)	(15,830,188)
Adjustment deconsolidation new consolidations	2,387,046	-
Adjusted result before tax	(28,243,652)	(15,830,188)
Income tax using the applicable tax rate in the Netherlands	7,060,913	3,957,547
Tax effect of:		
Non-deductible expenses	(5,348,203)	(2,983,732)
Tax losses recognised via PPA (not via p/l)	-	(373,033)
Tax losses not recognised (outside fiscal unity) current year	(416,906)	(22,547)
Other including tax rate difference (lower rates than 25%)	34,970	(21,612)
Difference deferred tax	131,185	152,255
Tax expense/(income)	1,461,959	708,878

Heraclius Topco B.V. is separately taxable. As from 1 January 2021, Heraclius Newco B.V. is the head of a fiscal unity with Quintes Holding B.V.

8. Acquisition and disposal of businesses

Acquisitions in the current period

During the year, the Group acquired all of the shares of Tinke Assurantiën B.V., Zekerhuis Assuradeuren B.V., Beheersmaatschappij Marsa Weert B.V., De Keyzer Assurantiën B.V., Trinitum B.V., Dominass Assurantiën B.V., Prima voor Elkaar B.V., HK Assuradeuren B.V., Evers Assurantiën B.V., Pantergroep B.V., Der Kinderen Verzekeringen B.V., Der Kinderen Consultancy B.V., R.L.A. der Kinderen Holding B.V. and Verzuimvizie B.V. for a total consideration of €52,466k. The acquired companies are all active in the insurance broking business except for Pantergroep B.V., which operates a doctor's service. The businesses contributed revenue of €19,685k and net profit of €2,818k to the revenue and net profit for the year.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book values	Fair value	Recognised
	EUR' 000	adjustments	values on
	EUR' 000	EUR' 000	acquisition
			EUR' 000
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	1,716	-	1,716
Intangible assets	826	27,443	28,269
Stocks	4	-	4
Trade and other debtors	1,908	-	1,908
Cash	6,423	-	6,423
Interest-bearing loans and borrowings	(203)	-	(203)
Trade and other creditors	(3,024)	(11)	(3,035)
Deferred tax liabilities	-	(7,076)	(7,076)
Contingent liabilities	(506)	616	110
Net identifiable assets and liabilities	7,144	20,972	28,116

Total cost of business combination:

Consideration paid:

Initial cash price paid

Initial cash consideration relating to business combination	52,466
Contingent consideration expected to be paid	1,000
Costs directly attributable to the business combination	1,730
Total consideration	55,196

Goodwill on acquisition	27,080
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Fair value adjustments consist of:

- The revaluation of a provision for unearned commission, leading to a one-off gain
 - The allocation of consideration paid to customer portfolio assets and goodwill following a purchase price allocation
- The expected useful life of goodwill stemming from this acquisition is 20 years.

9. Intangible fixed assets

Movements in intangible fixed assets were as follows:

	Development costs EUR	Customer portfolios EUR	Goodwill EUR	Total EUR
Balance as at 31 December 2020				
Purchase price	73,128	70,728,692	100,333,055	171,134,875
Accumulated amortisation and impairments	(36,687)	(4,252,860)	(6,141,003)	(10,430,550)
Carrying amount	<u>36,441</u>	<u>66,475,832</u>	<u>94,192,052</u>	<u>160,704,325</u>
Changes in carrying amount				
Investments	1,584,781	59,300,697	26,824,925	87,710,403
Disinvestments	-	(544,401)	-	(544,401)
New consolidations	27,417	940,994	-	968,411
Impairments	-	(918,885)	-	(918,885)
Amortisation	(145,325)	(12,003,983)	(13,592,128)	(25,741,436)
Other	260,871	(50,342)	-	210,529
Balance	<u>1,727,744</u>	<u>46,724,080</u>	<u>13,232,797</u>	<u>61,684,621</u>
Balance as at 31 December 2021				
Purchase price	3,744,317	144,260,796	143,052,440	291,057,553
Accumulated amortisation and impairments	(1,980,132)	(31,060,884)	(35,627,591)	(68,668,607)
Carrying amount	<u>1,764,185</u>	<u>113,199,912</u>	<u>107,424,849</u>	<u>222,388,946</u>

The capitalised development costs relates to the internally generated intangible fixed assets and to the development of products "Lloyd's", "Conversions acquisitions" and "Planningstool for advisors". The carrying value amounts to € 1,764,185, and the remaining economic useful life is 2 years. Development cost are amortised over 3 years, other intangible asset categories are amortised over 10 years.

Impairment losses

	2021 EUR	2020 EUR
Amortisations	(1,915,768)	(1,423,384)
Reversal of impairment losses	<u>996,883</u>	<u>-</u>
	<u>(918,885)</u>	<u>(1,423,384)</u>

In the financial year, an impairment loss of € 918,885 (2020: € 1,423,384) has been recognised with respect to intangible fixed assets.

Based on the assessment at year-end 2021, the recoverable amount (value in use) of the impaired portfolios was determined to be € 0.9million (netted) lower than the value on the balance sheet, and an impairment loss was recognised. The full loss relates to customer portfolios.

The estimate of the recoverable amount at year-end 2021 was based on a discount rate of 9.3% (2020: 10.7%). The cash flow forecasts are based on extrapolating the development of the portfolio based on KPIs for the Group as a whole.

10. Tangible fixed assets

Movements in tangible fixed assets were as follows:

	Land and buildings EUR	Fixtures and equipment EUR	Cars and transport equipment EUR	Total EUR
Balance as at 31 December 2020				
Purchase price	92,946	1,620,705	354,543	2,068,194
Accumulated depreciation and impairments	(12,515)	(172,086)	(66,324)	(250,925)
Carrying amount	<u>80,431</u>	<u>1,448,619</u>	<u>288,219</u>	<u>1,817,269</u>
Changes in carrying amount				
Investments	1,506,318	1,998,537	37,744	3,542,599
Disposals	-	(6,050)	(281,051)	(287,101)
New consolidations	50,501	544,667	670,090	1,265,258
Depreciation	(150,233)	(604,510)	(96,444)	(851,187)
Other changes	-	(262,374)	-	(262,374)
Balance	<u>1,406,586</u>	<u>1,670,270</u>	<u>330,339</u>	<u>3,407,195</u>
Balance as at 31 December 2021				
Purchase price	1,649,765	3,895,485	781,326	6,326,576
Accumulated depreciation and impairments	(162,748)	(776,596)	(162,768)	(1,102,112)
Carrying amount	<u>1,487,017</u>	<u>3,118,889</u>	<u>618,558</u>	<u>5,224,464</u>

The tangible fixed assets are the consolidated assets from Quintes Holding as acquired by the Group during the year 2021 and prior. No tangible fixed assets have been pledged for debts to credit institutions.

Most tangible asset categories are depreciated over 5 years, except for second-hand cars (3 years).

11. Trade receivables

	2021 EUR	2021 EUR	2020 Maturity > 1 year EUR	2020 Maturity > 1 year
Trade receivables	<u>2,386,882</u>	<u>2,386,882</u>	<u>1,346,722</u>	<u>0</u>
Carrying amount	<u>2,386,882</u>	<u>2,386,882</u>	<u>1,346,722</u>	<u>0</u>

The carrying values of the recognised receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary. The accounts receivable have been pledged by the Group to GLAS Trust as a security for the external loans. In note 17 the securities in connection with these loans are disclosed.

	2021 EUR	2020 EUR
Amortised cost of outstanding receivables	2,558,887	1,388,165
Less: Allowance for doubtful debts	(172,005)	(41,443)
Carrying amount	<u>2,386,882</u>	<u>1,346,722</u>

12. Other receivables

	2021	2020
	EUR	EUR
From shareholders	41,005	41,986
From affiliated parties	105,205	104,887
Taxes and social insurance premiums	29,587	37,563
Other receivables	4,899,307	1,601,292
Commissions and fees former owners acquisitions	-	1,468,682
Share capital receivable	1	1
Prepayments and deferred costs	4,903,427	2,678,640
Insurers	762,914	963,817
Prepayments and other accrued assets	1,901,343	896,141
Carrying amount	<u>12,642,789</u>	<u>7,793,009</u>

The receivables predominantly have the character of short term debt with a maturity shorter than 1 year. The receivables have been pledged to GLAS Trust as a security for the external loans. In note 17 the securities in connection with these loans are disclosed.

	2021	2020
	EUR	EUR
Taxes and social insurance premiums		
Vat	-	31,047
Social insurance premiums	29,587	6,516
Carrying amount	<u>29,587</u>	<u>37,563</u>

	2021	2020
	EUR	EUR
Other receivables		
Quality Income MGA	312,480	214,699
Receivables ex-shareholders	201,560	203,587
Other receivables	1,267,598	1,183,006
Commissions and fees former owners acquisitions	2,849,718	-
Rent deposits	267,951	-
Carrying amount	<u>4,899,307</u>	<u>1,601,292</u>

13. Cash and cash equivalents

	2021	2020
	EUR	EUR
Cash at bank	<u>18,391,500</u>	<u>12,143,616</u>

All cash and cash equivalents are readily available to the Group within 3 months. AQ Heraclius Holdings Limited held a cash at bank balance of € 443,235 which was unpledged. While the remaining balance of € 17,948,265 have been pledged to GLAS Trust as a security for the external loans. In note 17 the securities in connection with these loans are disclosed.

14. Ordinary share capital

For a detailed explanation of the share of the Company in group equity, reference is made to Note 30 "ordinary share capital" in the separate financial statements.

15. Provisions

Movements in provisions can be specified as follows:

	Deferred tax liabilities	Provision for vacant office buildings	Restructuring provision	"Annuity" provisions	Unearned commission	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 31 December 2020	6,981,862	-	-	101,239	100,589	7,183,690
Changes:						
Provisions made during the year - Other	5,236,348	2,280,400	159,519	30,411	36,261	7,742,939
Provisions used during the year - PPA	(483,292)	-	-	-	-	(483,292)
Balance as at 31 December 2021	11,734,918	2,280,400	159,519	131,650	136,850	14,443,337

Provision for deferred tax liabilities

The provision for deferred tax liabilities comprises the tax effect of the taxable temporary differences between the valuation principles for financial reporting purposes and for tax purposes. The Group has recognised a provision for deferred taxes for differences between valuation principles for financial reporting purposes and for tax purposes related to intangible fixed assets.

The discount rate applied is 0%.

Provision for unearned commission

The provision for unearned commission contains the provision for costs to be incurred to service policies that have already been sold but for which additional work has to be done. This relates mostly to policies in delegated authority for which claims handling work has to be done over the next year.

Provision for vacant office-buildings

The provision vacant office-buildings contains the provision for remaining lease amounts for lease contracts of offices which are not being used any more.

16. Annuity

Movements in annuity can be specified as follows:

	Annuity	Total
	EUR	EUR
Balance as at 01 January 2021	101,239	101,239
Changes:		
New consolidations/acquisitions	-	-
Provisions made during the year	30,411	30,411
Provisions used during the year	-	-
Balance as at 31 December 2021	131,650	131,650

Annuity

The annuity contains the provision for the annuity rights held by former owners of acquired companies.

17. Finance loan and subordinated debts

All non-current liabilities are denoted in euros. The convertible loan is a non-cash transaction for the current year.

The movements in finance loan and subordinated debts are as follows:

	Finance loan	Subordinated debts	Finance lease	Total
	EUR	EUR	EUR	EUR
Carrying amount as at 31 December 2020	83,343,733	1,009,311	33,127	84,386,171
New loans	45,742,123	183,061	-	45,925,184
Repayment	(3,250,000)	(982,165)	(33,127)	(4,265,292)
Amortisation and release of unamortised cost	645,624	-	-	645,624
New financing cost and other changes	(1,019,182)	-	-	(1,019,182)
Carrying amount as at 31 December 2021	<u>125,462,298</u>	<u>210,207</u>	<u>-</u>	<u>125,672,505</u>
Current as at 31 December 2021	<u>-</u>	<u>210,207</u>	<u>-</u>	<u>210,207</u>
Non-current as at 31 December 2021	<u>125,462,298</u>	<u>-</u>	<u>-</u>	<u>125,462,298</u>
Of which:				
Repayment obligation < 1 year	-	210,207	-	210,207
Repayment obligation ≥ 1 year and ≤ 5 year	-	-	-	-
Repayment obligation ≥ 5 year	125,462,298	-	-	125,462,298

The (average) contractual interest rate revision dates or redemption dates (if earlier) and effective interest rates of the above-mentioned non-current loans are as follows:

	Rate revision dates	Redemption dates	Effective interest
Finance loan	N/A	29 Oct 2027	6.7%
Subordinated debts	N/A	2021, 2022	0%

For the debts mentioned above collateral has been provided consisting of:

- right of pledge on shares of subsidiary companies
- right of pledge on trade accounts receivable;
- right of pledge on bank accounts;
- right of pledge of domain names

The debts to credit institutions have been repaid.

Finance loan

On 28 October 2020, the Group entered into a financing agreement with Ardian and Apollo with GLAS Trust as security agent for a total amount of EUR 137 million of which EUR 10 million relates to the overdraft facility (see below). The Company and several members of the Group are guarantors for this debt. On 29 October 2021 the Group entered into two additional facilities of EUR 30 million each. The first facility of EUR 30 million is immediately available. The second facility of EUR 30 million can be drawn upon if organic revenue growth is at least 0,5%. These agreements will last until 28 October 2027. As at 31 December 2021 the group has no right to refinance the debt with the credit institution for a period of at least 10 months after balance sheet date. At year-end the total finance loans drawn up and to be repaid amounts to EUR 130,4 million.

The loans are subject to variable interest, based on the 3-month Euribor rate plus a margin of 6.00%. If the leverage is higher than 5.5 x Ebitda the margin of 6.00% rises to 6.25%. Midcap Financial Limited has also provided a current account overdraft facility to Heraclius Newco, Quintes Holding's parent, which Quintes Holding can use. The current account overdraft facility amounts to € 10.000.000 maximum as at 31 December 2021 (2020: € 10.000.000), of which € 3.250.000 was drawn at 31 December 2021, and the interest rate is based on EURIBOR plus 5.25%.

17. Finance loan and subordinated debts (continued)

Covenants

The following covenants are related to the Finance Loan with a principal amount of € 87,9 million. The first test date was 30 June 2021. The group agreed the following covenants with its banks based on the consolidated balance sheet and profit and

	Leverage ratio
30 June 2021	< 7,47
Subsequently 2021-09-30	< 7,80
Subsequently 2021-12-31	< 7,29
Subsequently 2022-03-31	< 7,20
Subsequently 2022-06-30	< 7,12
Subsequently 2022-09-30	< 7,40
Subsequently 2022-12-31	< 6,94
Subsequently 2023-03-31	< 6,85
Subsequently 2023-06-30	< 6,76

The leverage ratio is defined as: net debt/EBITDA. In this calculation, EBITDA is adjusted for exceptional and one-off income and expenses, as well as synergies realised and expected to be realised as a result of acquisitions. At year-end, all covenants were met.

Finance lease

The financial lease consist of a BMW. Interest percentage is 6,50%. Monthly annuity is € 1.044. The lease has been cancelled and repaid as of January 2021

18. Current liabilities

	2021 EUR	2020 EUR
Redemption obligation long term debt	210,207	4,199,250
Accounts payable to suppliers and trade creditors	3,223,971	2,031,619
Debt to shareholders	33,700	33,700
Debt to affiliated parties	250,497	497
Other taxes and social contributions due	2,419,430	1,530,129
Income tax liability	696,267	195,320
Accrued liabilities	36,393,093	15,648,800
Intercompany payables	1.00	102,348
	<u>43,227,166</u>	<u>23,741,663</u>

All current liabilities have an estimated maturity shorter than one year. The carrying values of the recognised current liabilities approximate their respective fair values, given the short maturities of the positions.

Redemption obligation long term debt

The specification of the redemption obligation long term debt can be found in the table under non-current liabilities.

Other taxes and social contributions due

	2021 EUR	2020 EUR
Wage tax and social security contributions	1,017,894	527,491
Value-added and insurance tax	1,401,536	1,002,638
	<u>2,419,430</u>	<u>1,530,129</u>

18. Current liabilities (continued)

Accrued liabilities

	2021	2020
	EUR	EUR
Accrued holiday pay	2,057,041	1,210,080
Prepayments debtors	10,666,187	4,735,585
Pre-invoiced revenue	3,936,652	2,471,901
Insurers	15,854,358	6,183,313
Earn out	1,000,000	-
Interest due	555,704	-
Other accrued liabilities	2,323,152	1,047,921
	<u>36,393,094</u>	<u>15,648,800</u>

All accrued liabilities have an estimated maturity shorter than one year.

19. Financial instruments

Interest risks

Heraclius Topco B.V. and several members of the Group are guarantors for these loans. This agreement will last until 28 October 2027. As at 31 December 2021 the group has no right to refinance the debt with the credit institution for a period of at least 10 months after balance sheet date.

The loans are subject to variable interest, based on the 3-month Euribor rate plus a margin of 6.00%. If the leverage is higher than 5.5 x Ebitda the margin of 6.00% rises to 6.25%. The Company monitors developments in the (global) financial markets and will consider using financial instruments to mitigate the potential raise in interest.

Midcap Financial Limited has also provided a current account overdraft facility to Heraclius Midco B.V. The current account overdraft facility amounts to € 10,000,000 maximum as at 31 December 2021 (2020: € 10,000,000), of which € 3,250,000 was drawn at 31 December 2021, and the interest rate is based on Euribor above 5.25%.

The (average) contractual interest rate revision dates or redemption dates (if earlier) and effective interest rates of the above-mentioned non-current loans are as follows:

	Rate revision dates	Redemption dates	Effective interest
Apollo/Ardian	N/A	29 Oct 2027	6.7%
Subordinated debts	N/A	2021, 2022	0%

Currency risks

The Group has no material currency risks.

19. Financial instruments (continued)

Credit risks

Credit risk arises principally from the Group's loans and receivables presented under financial fixed assets, trade and other receivables.

	Balance sheet position	Maximim credit risk
	EUR	EUR
Trade receivables	2,386,882	2,386,882
Other receivables - from shareholders	41,005	-
Other receivables - from affiliated parties	105,205	105,205
Other receivables - taxes and social insurance premiums	29,587	29,587
Other receivables - quality income MGA	312,480	312,480
Other receivables - ex-shareholders	201,560	201,560
Other receivables - commissions and fees former owners acquisitions	2,849,717	2,849,717
Other receivables - rent deposit	267,951	267,951
Other receivables - other	1,267,598	1,267,598
Other accrued assets - accrued acquisition cost	4,903,427	-
Other accrued assets - Insurers	762,914	762,914
Other accrued assets - other	1,895,363	1,895,363
	15,023,689	10,079,257

The maximum amount of credit risk that the Group is exposed to at the balance sheet date is € 10.1million (2020: € 6,4 million). The highest receivable amounts to € 2,8 million. A long standing relationship exists with all counterparties, they have always in time satisfied their obligations to pay.

Liquidity risk

The Group currently does not use any support of the government. The Group has external financing which matures in 2027. There are no indications that the lenders would want to end this financing prematurely. For execution of the buy and build strategy, additional financing is necessary however. Yet, the Group does not enter into acquisition agreements where financing has not yet been arranged. Therefore, the buy and build strategy is not expected to lead to liquidity issues. The covenants are met (see Note 17 "non-current liabilities").

The management of the company has calculated various scenarios and is of the opinion that there is currently no serious uncertainty with regard to liquidity and continuity.

20. Transactions with related parties

Transactions with related parties are assumed when a relationship exists between the Group and a natural person or entity that is affiliated with the Group. This includes, amongst others, the relationship between the Group and its subsidiaries, shareholders, directors and key management personnel. Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

There have been no transactions with related parties that were not on a commercial basis.

The Group has taken the exemption under FRS 102.33.1A to not make disclosures of related party transactions entered into between two or more members of the group, where any subsidiary which is party to the transaction is wholly owned.

21. Auditor's fees

The following fees were charged by the auditors including its associates to the Company, its subsidiaries and other consolidated companies.

	2021	2020
	EUR	EUR
Audit of the financial statements	154,000	216,279
Audit of subsidiaries	1,119,250	328,440
Total audit fees	<u>1,273,250</u>	<u>544,719</u>
Audit related services	25,000	25,000
Tax compliance services	253,254	68,686
Services related to corporate finance transactions	103,561	672,759
Other non-audit services	103,456	-
Total non-audit services	<u>485,271</u>	<u>766,445</u>
Total fees paid	<u>1,758,521</u>	<u>1,311,164</u>

The fees mentioned in the table for the audit of the financial statements 2021 relate to the total fees for the audit of the financial statements 2021, irrespective of whether the activities have been performed during the financial year 2021.

22. Off-balance sheet assets and liabilities

Claims

AQ Heraclius Holdings Limited and/or its group companies have received various claims that are contested by it/them. Although the outcome of these disputes cannot be predicted with any certainty, it is assumed partly on the basis of legal advice that these will not have any material unfavourable impact on the consolidated financial position.

Long - term financial commitments

Long-term unconditional commitments have been entered into in respect of operational leases and rental obligations for our office housing. The operating leasing costs are recognised on a straight-line basis in the profit and loss account over the lease period. Operational lease contains only car leases. Standard lease period is 4 years. In 2021 this has changed to 5 years.

The remaining term can be specified as follows:

	Operational lease	Rental obligations	Total
	EUR	EUR	EUR
No more than 1 year	856,679	1,952,453	2,809,132
Between 1 and 5 years	2,266,399	6,089,244	8,355,643
Longer than 5 years	11,667.00	4,342,445	4,354,112
	<u>3,134,745</u>	<u>12,384,142</u>	<u>15,518,887</u>

The Group has committed itself to an investment of € 180.669 for the construction of a new building. In 2021 € 774.273 (2020 € 357.091) has been recognized in the profit and loss account for operational lease.

23. Directors' remuneration

	2021 Group EUR	2021 Company EUR	2020 Group EUR	2020 Company EUR
Directors' remuneration	<u>157,930</u>	<u>157,930</u>	<u>33,718</u>	<u>33,718</u>

Two directors have been paid by the Group in the year, and the total remuneration paid is set out in the above table.

Certain of the Directors of the Company are also Directors of other entities in the Group and provide services to other entities across the wider Aquiline Capital Partners ('Aquiline') owned businesses. These Directors are ultimately remunerated by Aquiline. The Company acts as a holding company and has no active trade, the Directors principally provide oversight through their roles with other Group companies, and are not engaged with the day-to-day management of the Group's trading operations. Consequently, given the number of roles undertaken across the Aquiline owned businesses and the nature of the services provided to the Group, any allocation of remuneration for qualifying services provided to the Group (or Company) is considered to be trivial and no such allocation has been made on this basis.

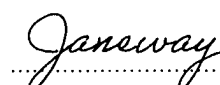
24. Subsequent events

The following acquisitions (equity transactions) have been effected post balance sheet date. The table below contains the details of these acquisitions, which were all for 100% of the outstanding shares of the respective companies.

Entity name	Signing	Closing
Portfolio Masterbroek	21-Dec-21	1-Jan-22
Portfolio Akse Assurantiën	1-Apr-22	1-Jul-22
Portfolio Joke de Boer Verzekeringen en Hypotheken	13-Jun-22	1-Jul-22
Portfolio of Beugels and Martens Assurantiegroep	20-Jun-22	1-Jul-22
Portfolio of Loyalty Partners	11-Jul-22	30-Sep-22
Portfolio of Releva	1-Dec-22	30-Dec-22
Portfolio of Rene Vos	5-Dec-22	30-Dec-22
Activities of Smartrecruit B.V.	1-Dec-22	1-Dec-22

	Note	2021 EUR	2020 EUR
<u>Fixed assets</u>			
Investment in subsidiary	26	<u>107,826,611</u>	<u>76,541,870</u>
<u>Current assets</u>			
Other receivables	27	5,982	1,544
Loan receivable	28	-	4,080,000
Cash and cash equivalents	29	<u>443,235</u>	<u>63,098</u>
		<u>449,217</u>	<u>4,144,642</u>
Total assets		<u>108,275,828</u>	<u>80,686,512</u>
<u>Capital and reserves</u>			
Ordinary share capital	30	1,433,041	1,433,039
Capital contribution without issuance of shares		15,953,136	-
Profit and loss account		<u>90,430,052</u>	<u>74,852,996</u>
		<u>107,816,229</u>	<u>76,286,035</u>
<u>Current liabilities</u>	31	<u>459,599</u>	<u>4,400,477</u>
Total equity and liabilities		<u>108,275,828</u>	<u>80,686,512</u>

Approved by the directors of the Company on 22 December and signed on its behalf by

 Director
Charles Janeway

AQ HERACLIUS HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

44.

	Note	2021 EUR	2020 EUR
Other operating income		<u>35,905</u>	<u>1,288,197</u>
Total operating income		<u>35,905</u>	<u>1,288,197</u>
External charges for services	32	<u>251,663</u>	<u>315,526</u>
Personnel expenses		<u>157,930</u>	<u>33,718</u>
Other operating expenses		<u>13,475</u>	<u>6,783</u>
Total operating expenses		<u>423,068</u>	<u>356,027</u>
Interest income, expenses and similar charges		<u>-</u>	<u>907</u>
		<u>-</u>	<u>907</u>
Profit/(loss) before taxation		<u>(387,163)</u>	<u>933,077</u>
Taxation		<u>-</u>	<u>-</u>
Profit/(loss) for the financial year/period		<u>(387,163)</u>	<u>933,077</u>
Other comprehensive income			
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year/period		<u>(387,163)</u>	<u>933,077</u>

The notes on pages 46 to 48 form an integral part of these financial statements

AQ HERACLIUS HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital EUR	Share premium EUR	Capital contribution without issuance of shares EUR	Profit and loss account EUR
Balance at 06 May 2020	-	-	-	-
Issue of shares	1,433,039	141,870,831	-	-
Cancellation of share premium	-	(141,870,831)	-	141,870,831
Dividend	-	-	-	(67,950,912)
Result for the period	-	-	-	933,077
Balance as at 31 December 2020	<u>1,433,039</u>	<u>-</u>	<u>-</u>	<u>74,852,996</u>
Issue of shares	2	15,964,219	-	-
Shares to be issued	-	-	15,953,136	-
Result for the year	-	-	-	(387,163)
Balance as at 31 December 2021	<u><u>1,433,041</u></u>	<u><u>15,964,219</u></u>	<u><u>15,953,136</u></u>	<u><u>74,465,833</u></u>

The notes on pages 46 to 48 form an integral part of these financial statements

General

The financial and general information of the Company is included in the consolidated financial statements. The following exemption available under FRS 102 in respect of certain disclosures for the parent company financial statements has been applied:

The Company has taken advantage of the exemption under FRS 102 1.12 to not present a separate cash flow statement.

25. Accounting policies

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account.

Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Revenue recognised in the separate financial statements is in connection with reimbursement on expenses paid on behalf of Heraclius Newco B.V. The income has been recognised on an accrual basis.

26. Investment in subsidiary

	2021	2020
	EUR	EUR
<u>Unquoted investments</u>		
Balance as at 01 January 2021/ 6 May 2020	76,541,870	-
Additions	31,284,741	76,541,870
Balance at end of financial year	107,826,611	76,541,870

Details of the Company's investments at 31 December 2021 are as follows:

Name of subsidiary	Country of incorporation	Principal activity	Number of shares held	Type of shares held	Effective equity interest held by the Company 2021 (%)
Heraclius Topco B.V.	Netherlands	Advice and mediation in insurance, pensions and mortgages.	11,071,487	Ordinary shares	92.28%
Heraclius Topco B.V.	Netherlands	Advice and mediation in insurance, pensions and mortgages.	92,398,363	Preference shares B	89.25%

26. Investment in subsidiary (continued)

During the financial year 2021, the company acquired additional 2,801,341 ordinary shares in the share capital of Heraclius Topco B.V. each with a nominal amount of EUR 1.00. In addition, the Company also acquired 24,126,638 Preference Shares B in the said company.

27. Other receivables

	2021 EUR	2020 EUR
Other receivables	1	1
Prepayments	5,981	636
Interest receivable - Convertible loan (Heraclius Topco B.V.)	-	907
Carrying amount	<u>5,982</u>	<u>1,544</u>

28. Loan receivable

The loan receivable was capitalised during 2021.

29. Cash and cash equivalents

	2021 EUR	2020 EUR
ABN AMRO Bank	<u>443,235</u>	<u>63,098</u>

The carrying amount of cash and cash equivalents approximates its fair value and is denominated in Euro.

30. Ordinary share capital

	Nominal Value	2021 Number	2021 EUR
<i>Issued:</i>			
1 ordinary share transferred on 15th July 2020	EUR 1.11	1	1
1,291,025 ordinary shares issued on 17th July 2020	EUR 1.11	1,291,025	1,433,038
2 ordinary shares issued in 2021		<u>2</u>	<u>2</u>
Total		<u>1,291,028</u>	<u>1,433,041</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

31. Current liabilities

	2021 EUR	2020 EUR
Accounts payable to suppliers and trade creditors	-	1,850
Accrued liabilities - audit fees	446,176	216,279
Accrued salaries	13,422	-
I/C Aquiline Capital Partners IV GP (offshore) Ltd	1	1
I/C- Aquiline Holdings LLC	-	102,347
Intercompany payables - (Heraclius Topco B.V.)	-	4,080,000
	<u>459,599</u>	<u>4,400,477</u>

32. External charges for services

	2021	2020
	EUR	EUR
Reimbursement of expenses paid on behalf of the Company	-	97,284
Other professional services	21,765	4,050
Audit fees	229,898	216,279
Net exchange differences	-	(2,087)
	<u>251,663</u>	<u>315,526</u>

33. Off-balance sheet assets and liabilities

There are no off-balance sheet assets and liabilities.

34. Employee benefits and number of employees

AQ Heraclius Holdings Ltd does not have any employees.

35. Related party transactions

In the consolidated financial statements examples of related party transactions are mentioned in "Notes to the consolidated financial statements" under "Transactions with related parties", Note 20.

36. Directors' remuneration

Disclosure in the relation to the Company is provided at Note 23.

37. Subsequent events

For the subsequent events see the consolidated financial statement, Note 24.